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Industrial Distribution

May 198

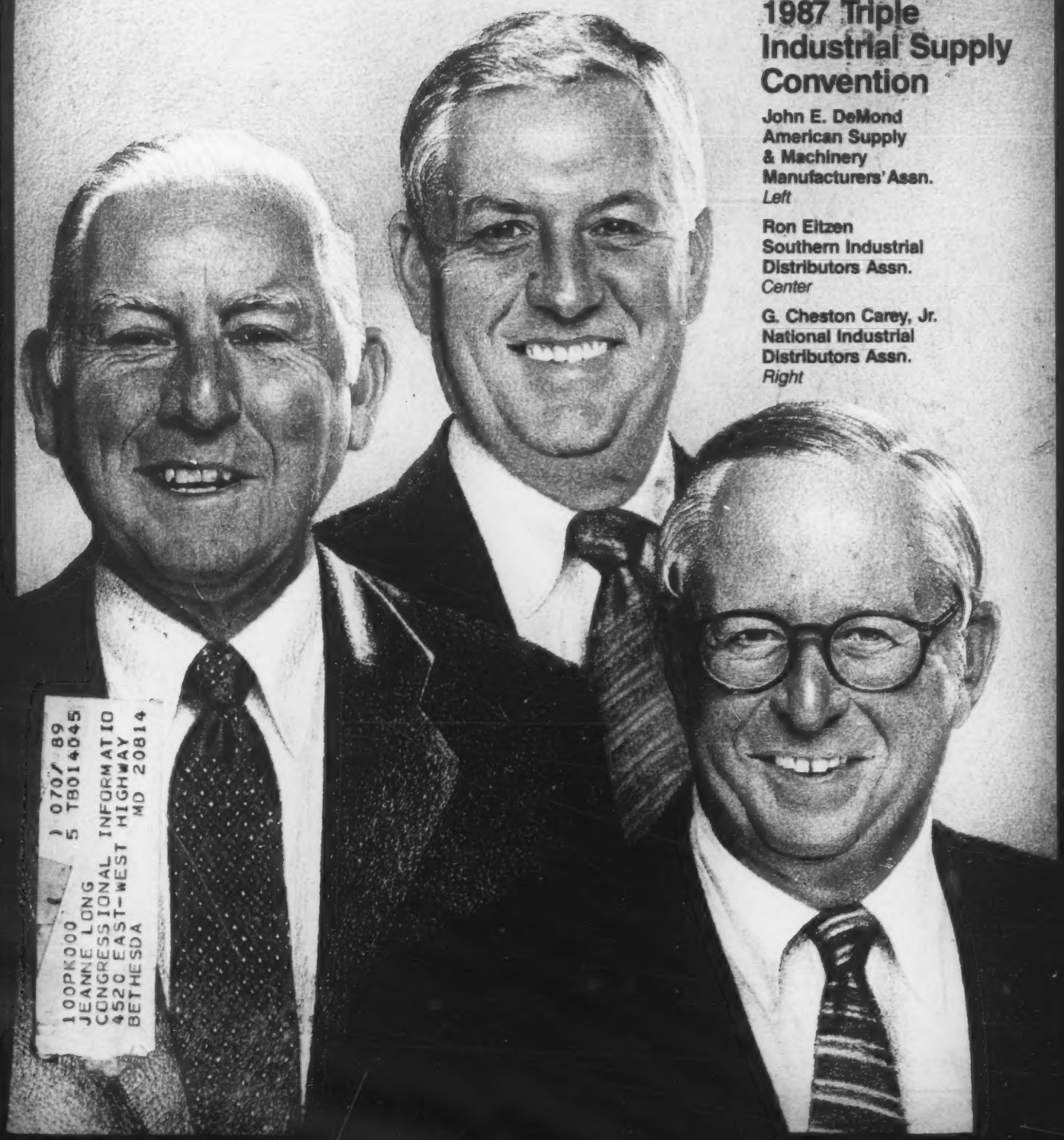
Hotline: Suppliers warned of challenges to U.S. competitiveness

1987 Triple Industrial Supply Convention

John E. DeMond
American Supply & Machinery Manufacturers' Assn.
Left

Ron Eitzen
Southern Industrial Distributors Assn.
Center

G. Cheston Carey, Jr.
National Industrial Distributors Assn.
Right



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ID Industrial Distribution

VOL. 76, NO. 5/76th yr. A CAHNERS PUBLICATION MAY 1987

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INDUSTRY NEWS

Demand for compressors and vacuum pumps on the rise

NEW YORK, NY—Distributors should position themselves to profit from the demand for compressors in the U.S. market created by the recent expansion in industrial production and construction activity, according to Louis Burns, projector director for Frost & Sullivan, Inc., a New York-based market research firm.

In a report published earlier this year by Frost & Sullivan, the total market for small compressors and vacuum pumps is expected to increase from $538 million in 1985 to $662 million by 1990. This represents an average annual growth rate of 4.2%. (See Chart.)

Exports of the total compressor market declined about 15% in 1986. Imports continued a gradual upward trend with an increase of about 6%. Burns said the performance of the total compressor market generally corresponds to that of small compressors and vacuum pumps.

Some of the specific markets distributors will be strong in, according to the report, are industrial/commercial, light construction, laboratory/medical/dental and the farming industry.

Small compressors are broadly defined as units having capacities of 75 cfm and lower and small vacuum pumps are pumps requiring 10 hp and under. Distributors sell mostly industry grade compressors that are usually 5 hp or greater. Consumer grade compressors sold to homeowners are below 1.5 hp.

End-users in the industrial and process industries account for about 32% of small compressors and 68% of small vacuum pump requirements. Small compressor requirements are projected to increase from $142 million in 1985 to $155 million in 1990, representing an annual growth rate of 1.8%. During the same period, small vacuum pumps should increase from $89 million to $100 million, representing an average growth rate of 2.5%.

Compressed air systems are used in industrial and process industries for powering portable tools, machine tools, control valves, instrumentation and other devices. Portable tools are normally used in assembly operations. Vacuum pumps are used in a wide variety of applications such as pneumatic conveying systems, vacuum coating and depositing, evacuation of tubes and degassing in metallurgical processes.

In the light construction area, the vast majority of compressors used are rated at less than 75 cfm. Pneumatic tools are being used by the building trades even though the degree of market penetration is spotty. Contractors tend to use air tools where electric power is not available such as in a new housing development in outlying areas. For the forecast period, this segment of the market is projected to have an average annual growth rate of 4%.

Laboratory, medical and dental end-users account for about 10% of the small compressor market and 26% of the small vacuum pump market. For small vacuum pumps, medical and dental demands represent nearly 18% and industrial laboratories 8% of the small vacuum pump market. Laboratory, medical and dental requirements are expected to grow at an average annual rate of 8.5% for small compressors and vacuum pumps with requirements being $59 million for compressors and $43 million for vacuum pumps during 1990.

The farm market makes extensive use of portable small piston compressors. They are used in conjuction with maintenance and various types of spraying. The farm requirements are expected to represent about 6% to 7% of the market for small compressors.

The report, entitled *Small Compressors and Vacuum Pumps in the U.S.*, can be purchased through Frost & Sullivan for $1700.□

MARKET	1985	1986	1987	1988	1990
SMALL COMPRESSORS					
Industrial/Commercial	142	135	133	140	155
Homeowner/Hobbyist	75	81	87	94	106
Garages/Service Stations	45	46	48	51	59
Light Construction	50	58	59	60	61
Lab/Medical/Dental	39	42	46	50	59
Farm	28	28	29	30	32
Others	34	33	30	33	41
SUBTOTAL	413	423	432	468	510
SMALL VACUUM PUMPS					
Industrial	53	50	50	53	60
Process Industries	36	34	34	36	40
Medical/Dental	20	22	24	28	30
Laboratory	9	10	10	11	13
Others	7	7	8	8	9
SUBTOTAL	125	123	126	134	152
GRAND TOTAL	538	546	558	602	662

Source: Frost & Sullivan, Inc. New York, N.Y.

[*continued on page 12*]

INDUSTRY NEWS...

Indicators...

Business activity was generally sluggish between January and February, despite modest gains in the midwest and west. The *NIDA/SIDA Industrial Distribution Index* for the month of February was down 0.3 points to 138.7, from a previous level of 139.0 in January. In the four reporting geographic areas, the East was down 3.3 to 131.6 from 134.9; Midwest was up 1.5 to 120.7 from 119.2; West was up 10.8 to 159.0 from 148.2; and the South was down 9.8 to 167.3 from 177.1. Although the Midwest and West reported gains, these were still not up to the performance of February 1986. In February 1986, the Midwest index stood at 129.2 and the West was at 179.9...The *NIDA/SIDA Industrial Supply Inflation Index* (1977 equals 100) stood at 165.8 for February, up only 0.1% over the previous month and 2.2% over last year's standing of 163.6...*SIDA's Monthly Sales Trend Report* for January says that the 88 locations reporting experienced a 13% decrease in sales for the period of January 1987 as compared to the previous January. The entire association area experienced a 3.06% decline in its accounts receivable status in January 1987 as compared to the previous month and a 3.48% decline in January 1987 as compared with January 1986. The inventory investment trend went up 2.28% for Janaury 1987 as compared with the previous month and 3.37% for January 1987 when compared with January 1986...The *ASMMA Monthly Index of New Orders* was down for January, falling 2.0% to 119.2. In December of last year, the index stood at 121.2... The Copper and Brass Servicenter Association's Index for the month of January reported that distributors' shipments of free cutting brass rod registered a gain of more than 15% from the previous month. The CBSA Index, which equates 100.0 with the average 1978 month's shipments, registered 123.5 in January. The same month one year ago saw a record 142.3 on the Index for this product...*The National Assn. of Aluminum Distributors* says that shipments of aluminum are rebounding slowly in 1987, but January tonnage remains 2.9% below January '86. Inventory is off 9.1% from January '86.

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BUSINESS REPORT

Observing the "trade war"

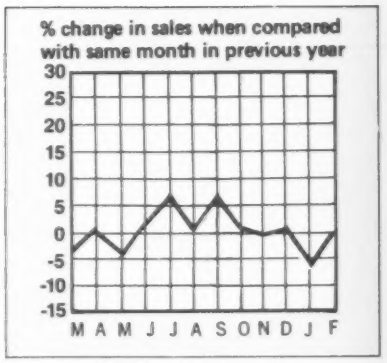
We dare not officially call it a trade war yet, but unofficially it's hard to call it anything else. Chips are jawboned off the U.S. market at prices considered in violation of previously made agreements; specialized high tech Japanese products will soon carry stiff tariffs; some Canadian lumber already carries tariffs; and both Houses of Congress are anxious to get their licks in with protective legislation shielding hard hit U.S. industries. Where does the distributor stand in all this upheaval?

The distributor is a passive observer experiencing ambivalent feelings. Stuck in a slow growth rut the past several years, watching the markets hit astounding new highs almost daily these days, he has to wonder where all the money went. To get a meaningful piece of the action, he realizes American manufacturing has to really boom, in fact, a sonic boom is what he wants to hear, so opening up more foreign markets sounds good. The question is, is it possible now that Congress is demanding reciprocity from its so-called trading partners that this can come about?

Possible, yes, but probable, no. Why? Because the key to selling more American-made products abroad is to have a booming market abroad, and the economies of our allies are not thriving, but are in a sluggish mode which is not conducive to heavy buying. Thus, we are back to the problem of creating, or recreating, our own natural market for the goods we produce. But how can we do this when our own needs are continually satisfied by less expensive foreign-made goods? Further, a trade war could exacerbate problems, and distributor business could decline more.

Economists point to two hopeful signs: first, foreign goods should soon lose some of their attractiveness as their relative cost increases, and second, a hard line in American policy should help sell more products abroad without much retaliation as our business allies have more to lose than we do.

In regional reporting, sales nationally were 0 or even, with monthly comparisons up 8%. **—Milt Ellenbogen**



RECEIVABLES*

	Feb. '87 Gen.	Feb. '87 Spec	Feb. '86 Gen.	Feb. '86 Spec.
New England	41	46	45	48
Middle Atlantic	45	45	44	43
South Atlantic	35	32	35	37
East No. Central	31	38	40	41
East So. Central	44	31	42	33
West No. Central	45	42	43	42
West So. Central	32	42	33	42
Mountain	33	39	32	40
Pacific	41	43	43	43
National	39	40	40	41

* Average days outstanding

SALES BY REGIONS (% change)	Feb.'87 vs. Jan.'87 Gen.	Spec.	Both	Feb.'87 vs. Feb.'86 Gen.	Spec.	Both	1st two months'87 vs. 1st two months'86 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+23	+8	+13	+17	+3	+8	+4	+1	+2
Connecticut	+19	+11	+18	+18	+3	+14	+4	−7	−2
Massachusetts	+34	—	—	+15	—	—	+3	—	—
MIDDLE ATLANTIC: NY, NJ, PA	−3	+20	+12	−12	+3	−2	−12	−4	−7
New York Metropolitan Area	—	+18	—	—	+3	—	—	−4	—
Upstate New York	+2	0	+1	−10	+3	−4	−18	−2	−10
Pennsylvania	+2	+39	+24	−15	+4	−3	−13	−6	−8
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	+11	+1	+6	−12	+1	−7	−14	−1	−8
Georgia-Florida	—	+2	—	—	0	—	—	−1	—
EAST NORTH-CENTRAL: OH, IN, IL, MI, WI	+2	+7	+5	0	−3	−2	−2	−6	−4
Indiana	—	—	—	—	—	—	—	—	—
Wisconsin	+7	0	+2	+12	+10	+11	+6	+9	+8
Chicago	—	—	—	—	—	—	—	—	—
Michigan	—	0	—	—	−18	—	—	−20	—
Ohio	−5	—	—	−13	—	—	−16	—	—
EAST SOUTH CENTRAL: AL, MS, KY, TN	+4	−4	+1	+10	0	+5	+12	−5	+4
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	−9	+22	+2	+3	+18	+9	+3	0	+2
WEST SOUTH CENTRAL: AK, LA, OK, TX	+34	−3	+21	+14	−5	+8	−11	−5	−9
Texas	—	−3	—	—	+7	—	—	+7	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	+17	+33	+23	−21	−11	−17	+23	−15	+3
PACIFIC: CA, OR, WA	+11	+3	+7	+3	+6	+5	+3	+4	+3
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	−11	+2	−3	−11	+11	+2	−12	+6	−4
U.S. TOTALS	+8	+8	+8	−1	+1	0	−3	−3	−3

Getting a piece of the $2.5 billion automation market

Industrial distributors currently handle up to $850 million in programmable controllers and peripherals alone.And while there's another $1.5 billion of automation business waiting to be divided up, this expert suggests that you home in on your specific market and customize your sales staff's skills before you start anticipating and tallying profits.

Any distributor who carries a line of general purpose controls can claim to be in the automation business. So to stay away from buzzwords and to clarify where there are real growth opportunities, he must assume that to be fully into the business, a distributor should have a working knowledge of:

- o Digital electronics
- o Data communications
- o Data manipulation

Further, assume that this knowledge is a prerequisite for applying, selecting, selling, installing, programming, operating and maintaining automation products.

The truth about market size

Speculation runs rampant on the size of the automation market. "Guestimates" fluctuate wildly, but for a reasonable starting point, here are six categories of automation equipment with potential into the 1990's:

o Programmable controllers. This is a $500 to $600 million market this year, and is expected to be about the same next year. 70% of the orders come through distribution. About 1/3 of the market is automotive and automotive OEM, though key growth opportunities are anticipated in food processing, paper and paper OEM, rubber and plastics, chemicals and pharmaceuticals, and among manufacturers of batch and process control machinery.

o PLC peripherals. The peripherals sector is at least as large as the PLC (let's use this acronym to distinguish between programmable controllers and personal computers) market, and is growing fast. To get an idea of the scope of this sector, look to table 2 for a listing of nearly 100 product types that fall into various categories.

o Proximity sensors. Photoelectric, capacitive and inductive sensing devices are seen to be a $200 million market, and one that is growing fast.

o BCD thumbwheel switches and displays. One manufacturer has estimated that a highly organized and effective programmable controller distributor should be able to sell 1 to 3% of his PLC volume in these devices.

o Step motors and controls. A leader in this sector estimates that industrial distributors have a $50 to $70 million market in these products. Currently, two non-chain distributors each do well over $1 million annually in just one line of steppers.

o Adjustable speed drives. Many larger units now have PLC front ends. When eddy current couplings are included, this area becomes a $700 million market. Presently, the best estimates show that distributors handle 40% of the units and 22% of the dollars in this group. For the projectable future, adjustable frequency drives appear as a fast growing market.

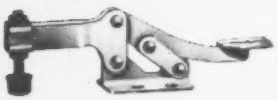
o A-C industrial motors. While this, all by itself, is a $2.5 billion market, the key players tend to be motor specialists who have either a service or a breadth/depth strategy. This is no market for the beginner or the faint hearted.

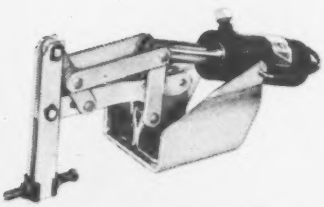
Making sense of market data

Some of the numbers make for pretty heady reading. But one simple fact re-

[*continued on page 96*]

PREMIUM CLAMPS FOR PREMIUM PROFITS





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mains: purchase orders come from customers, not from markets. Therefore, it is necessary for each distributor to determine the most likely automation market within his particular trading area.

Quite frankly, there is an excess of market data, and none of it will tell you what your customers need, and what they expect from you and your suppliers. None of it will tell you what specific opportunities are already well served by your competition, and where you still have open niches.

Nevertheless, you need to be aware from the start of multiple market data sources. Suppliers can and should give you estimates of their market size and share. When industry associations such as the National Electrical Manufacturers Assn. report data, the total market size can be reasonably defined.

Independent market researchers such as Frost & Sullivan or Dataquest routinely report in detail on specific markets. Their reports are good, and their prices reflect their quality.

Federal, state and local governments report economic data in massive detail. Local Chambers of Commerce are good sources of specific data on local industries. Here a knowledge of SIC codes is important to pinpoint prospects of importance to you. One concern about government data is that it may be two to five years old.

Who to talk to, what to ask

Marketing people are the source of information about current and prospective customers. All salesmen should be able to describe who their customer's customers are, and how they impact your business. Marketing people can define who the key industry specifiers are. If your product is visible to your customer's customers–and programmable controllers, for example, are very visible–then you need to probe to determine what, if any, sales obstacles are created by end customer brand preference.

Engineering personnel can add their own inputs on the status of new and existing products. They know which standards are critical to your success, and they can identify where their companies

[*continued on page 98*]

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Automation market . . .

COMPUTER-AIDED MANUFACTURING
(U.S. Consumption—millions of dollars)

	1980	1985	1990*
Factory computers and software	935	2861	6300
Material handling systems	2000	4500	9000
Machine tools and controls	3000	4800	7000
Programmable controllers	50	550	3000
Robots and sensors	68	664	2800
Automated test equipment	800	2000	4000
TOTAL	$6853	$15,375	$32,300

*Estimated — Source: DATAQUEST

are heading, technically. This information can affect your choice of a new line or service.

Manufacturing and purchasing personnel are gaining in stature as vital contributors to the specification process. They will know if new manufacturing concepts such as Just-in-Time are going to be implemented. They can identify what new services they are demanding. They will be among the first to know when a particular manufacturing operation is being considered for movement out of your trading area.

When surveying customers, you need to get answers to the following questions:

- What does this customer need and expect from his suppliers and their distributors?
- Who is meeting those needs now? With what degree of success or failure?
- Who are the preferred suppliers? Who are their distributors? Where are they located?
- What changes is the customer making; how will these affect your plans?

In addition to surveying existing customers, get all of the market data you can from both current and potential suppliers. They owe you this data. However, be realistic and understand that the data most readily available to you will not answer all the questions you need to ask as you develop your own action plan.

But feel free to ask suppliers about their choices of target industries. Then determine how the choices coincide with your own pool of likely and available customers for any given supplier's product. Then too, as a prospective or existing distributor, you are entitled to information about distributor programs and policies. You need to know what their direct sales forces are expected to do, and whether you will compete with them for business.

Selecting a sales staff

There are two different and equally effective ways of selling complex equipment. One is to hire product specialists in support of a general sales staff. The other is to hire dedicated, specialty sales engineers, an approach that results in all sales personnel becoming product specialists. Programmable controllers are typical of products requiring specialized sales skills.

As a result, most franchises need a dedicated, full time specialist to support and build the business. One of the most common reasons for failure of a franchise is the reluctance of the distributor to bite the bullet and hire his specialist in advance of his first order. Two short cuts–a distributor principal promising to become his own specialist, or tapping the line sales manager for the task–rarely work, except where the sales manager heads up the new high-tech sales unit.

There are fast talkers out there who pass themselves off as specialists, and then when found out, they move on. They are the "butterflies" of this business, and distributors are their frequent victims. Therefore, always check a prospective specialist's references very carefully. Additionally, don't be afraid to invite your supplier salesman or application engineer to join you and the prospect for lunch.

Tactics such as these will make it easier to detect the difference between the technical competent who simply needs to learn the nitty gritty of your proposed product line and the articulate, techni-

[*continued on page 100*]

Blue Devil®

MEMO

TO: ALLEN DISTRIBUTORS

FACT: Allen Manufacturing Co. and Holo-Krome have been sold to the Danaher Corp., an investment group from Washington, D.C.

FACT: Allen operations are now controlled by Holo-Krome.

FACT: The Allen organization is in the process of being dissolved, and the Allen warehouse will be closed as soon as inventory is depleted.

QUESTIONS: With the changes occurring as a result of these FACTS, do you, as an Allen Distributor, know where you fit in future market strategies?

Are you looking for stability in your socket screw manufacturer?

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cal idiot who has only a superficial knowledge of the subject.

Essentially, there are three ways to find product specialists. You can grow them from inside your own organization. You can have them come to you. You can steal them from someone else.

The imperatives

o **Money.** In one case, a distributor lured a specialist with a salary plus override package which resulted in total compensation that produced a firestorm among the rest of the sales staff. The distributor didn't believe his own sales plan, and he reached his goal more quickly than expected.

Given that there are no compensation secrets in any organization, general salesmen will rarely work well with a product specialist when their own compensation is reduced as a result of orders taken with the help of the specialist.

o **Mission.** Before hiring any product specialist, develop a vision of the kind or organization you intend to build. Do you want a general sales force plus a few specialists, or are you willing to go with a collection of specialists only? Keep in mind that in this arena, a single specialist plateaus at around $750,000 to $1 million.

Also, hiring specialists can present problems if doing so means that two or more of your sales people need to call on a single customer. If your generalists have to answer customer questions with a "I'll have the product specialist get back to you," response, then you have a problem.

You can avoid this by giving your generalists enough detailed information to answer the following questions:

o Is this application an opportunity to use the specialized product? Why? Why not?

o Why should the customer use the specialized product instead of some other product?

o Why should the customer use our brand rather than that of at least two competitors?

One excellent distributor solution to these challenges is to rotate the product specialist assignment within the general sales force as new products are introduced by the suppliers.

[*continued on page 102*]

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Write in No. 76

Tapping the supplier

Any supplier of a "visible" product must have an out-front marketing program to support his distributor program. A visible product is one where the customer can be expected to exert brand preference in his choice of a new or replacement product. Many of the automation distributor's products fall into this category. They are visible to the end user who often believe they have major commitments to the software program that runs a given piece of automation. Consequently, they are often reluctant to accept another manufacturer's unit without an exhaustive evaluation program.

The dynamics of selling to an OEM are such that when the OEM's customer has strong preference for one or two brands, the distributor of competing brands has a major marketing problem.

Traditional selling to an OEM involves working with all functional areas of the customer, and persuading the customer that there are valid reasons why your product has overwhelming benefits to that customer.

Selling to the end user involves essentially the same plan. There are reasons–specific and quantifiable–why the end user must perceive it to his advantage to use your product.

It becomes dicey for a distributor when the user has a central engineering or purchasing operation outside the distributor's trading area, or when the OEM's customer has a strong preference for a brand other than the one the distributor is selling. Few OEM's will risk the loss of an order because they prefer brand X, while the end user prefers brand Y.

As a distributor, you need the support of your supplier's marketing organization to turn this situation around. The challenge this presents to the supplier is exciting. No matter how large a company the supplier has in back of him, his marketing resources remain finite. There are only so many end markets he can work, and so many end users he can call upon.

If, and only if, the supplier's target markets are the same as your own will you, as a distributor, be in potentially competitive shape.

[*continued on page 104*]

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Write in No. 79

Anticipating the future

There is little point in looking more than two years into the future, except to avoid surprises. But there are definite signs that the following factors will impact automation distributors.

o The importance of distribution will continue to increase as a source of both products and technical services to both users and OEM's. Some of this expansion will be caused by the continuing increase in the performance to price ration of digital electronic hardware. Some will be due to the inability of large suppliers to provide local user services in a cost effective manner.

o As prices drop, and the technology becomes more diffused, and as the consequences for errors and omissions become more expensive, solution selling will become more difficult. Simultaneously, system integration requirements will become more complex. The concomitant increased software load will place heavy burdens on regional systems houses, and some will be unable to respond. There will be more evidence of this pull in opposite directions between the inexpensive and the powerful and the terribly complex.

o Automation distributors will add electronic lines; electronic distributors will add electrical lines; and specialty distributors will develop around niche opportunities. A distribution collision is on the near horizon.

o Customers will experience hard times. There is nothing "American" about the use of technology to improve quality and reduce costs. Any country can and will use automation as a tool to make its presence more attractive to American customers, and more damaging to American manufacturers–your customers. Expect your customers to increase their demands for more services. Expect suppliers to have greater difficulty in providing the margins needed to support these services.□

EDITOR'S NOTE: Ronald F. Cota is president of Cota & Associates, Sarasota, FL. This article is adapted from his remarks to the Southern Region National Assn. of Electrical Distributors Conference in January and includes material supplied by Cota for this report.

MARKETING/OPERATIONS IDEAS

References identify more than 400,000 key phone numbers

A potentially valuable *National Business Telephone Directory* heads the list of newly available reference works from Gale Research Co. Intended to keep out-of-town directory assistance charges to a minimum, the volume reportedly alphabetizes names, addresses (with zip codes), and phone numbers (with area codes) for more than 350,000 businesses and industrial firms nationwide having more than 20 employees. List price for the 1903 page directory is $95.00. **Write in No. 603.**

To help distributors contend with the oceans of information relating to computers, Gale has compiled the first edition of its *Computers and Computing Information Resources Directory*. An additional 4000 names and phone numbers for eight categories of resources are included.

Of potential interest to distributors is the cross-indexed information identifying on-line services and teleprocessing networks, as well as sections devoted to programming languages, personal computers, telecommunications, management information systems, and office automation. Further, a geographic index is designed to heighten the usefulness of this 1271 page volume, priced at $160.00. **Write in No. 605.**

Gale's second edition of the *Trade Show and Professional Exhibits Directory* reportedly indexes more than 3500 events worldwide according to subject matter, geographic location, and other variables. Names, addresses, and phone numbers are provided for the show itself, its sponsors, and its managers. The volume spans 915 pages and costs $150.00. **Write in No. 607.**

An *Encyclopedia of Associations, 1987–Rankings Indexes*, is designed as a companion volume to the encyclopedia itself, and lists up to 20,000 nonprofit associations according to membership numbers, staff size, annual budget, and founding year. Each entry

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BATTERY MARKET POWERS UP

Sources at Rayovac Corp., in an exclusive with *ID*, project that the industrial battery and flashlight market will experience a 6% to 7% growth rate through 1990. In dollar values, as the accompanying chart shows, this means a sales increase from an actual $290 million in 1986, through the expected $312 million in 1987, to an anticipated $400 million in 1990.

"With margins of 30 to 40% on products that turn an average of six to seven times a year, industrial batteries and flashlights offer a tremendous opportunity for distributors," says Greg Brady, vice president of industrial sales. Given this growth potential, the margins, and the turn rate, Brady continues, "distributorships can generate nearly 1% of their gross sales through batteries and flashlights."

To tap into this potentially powerful source of profits, Brady recommends aggressive merchandising and promoting. For example, "To spur sales from existing accounts, set up a regular reorder and stocking program," Brady explains. "Distributors who have done this report that they regularly receive repeat orders."

Because research shows that impulse buying represents more than 65% of all industrial battery and lighting device sales, "Use counter or free-standing displays," Brady offers. "With displays, distributors have found that they can increase their battery and flashlight profits by 60%, since over-the-counter sales are usually full price."

Providing a wide selection is also key to gaining battery and flashlight sales. Brady explains that, "Industrial grade batteries come in three different power systems–alkaline, heavy duty, and general purpose." Alkaline units are the most expensive and provide the greatest return and, as the chart shows, have the largest share of the market.

By stocking variety, however, distributors will be sure to have a supply of units in all the price ranges customers need, thereby encouraging both impulse buying and repeat sales.

In any event, Brady counsels, "Stock multi-packs. This recent packaging concept involves six or eight batteries packaged in a shrink-wrap container. They are ideal for display. They require less handling for pricing, stocking, and dispensing. Also, multi-packs upgrade sales from ones and twos to sixes and eights."

Stocking concepts that are good for batteries are also good for flashlights, Brady concludes. This is apparently most apt with regard to the two D-cell units, which command a dominating 73% of the market.

In short, Brady says, "With distributors combining displays, product selection, and regular reorder and stocking programs, industrial batteries and flashlights will generate regular and reliable profits." *Rayovac Corp. 101 East Washington Avenue, Dept ID, Madison WI 53703.*

Write in No. 601